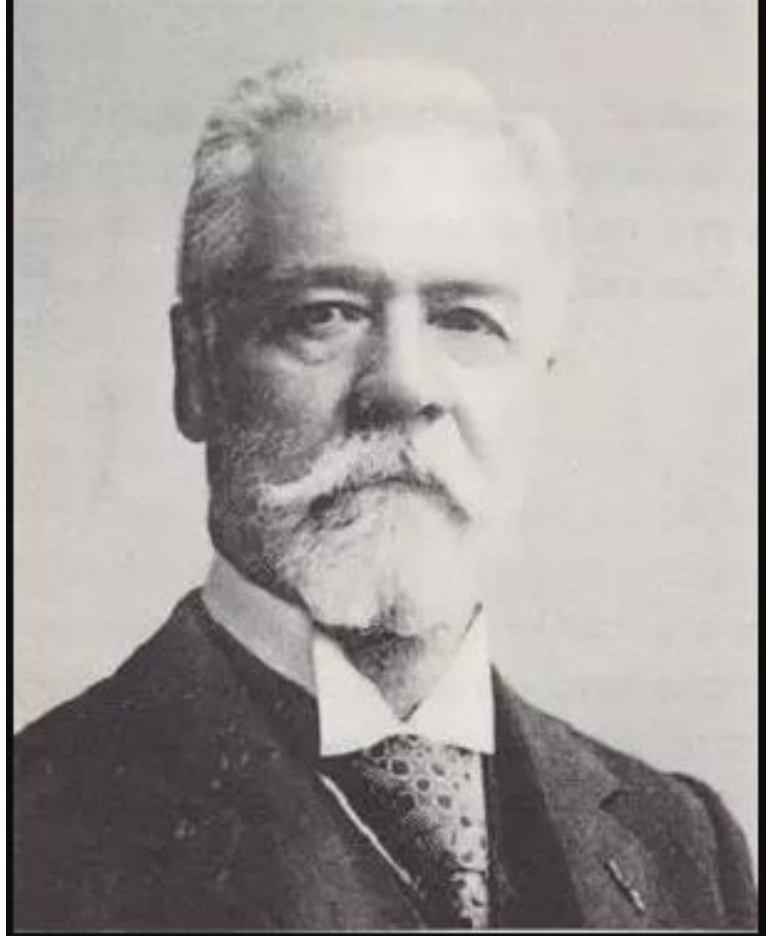




# CLASSICAL ORGANIZATION THEORY



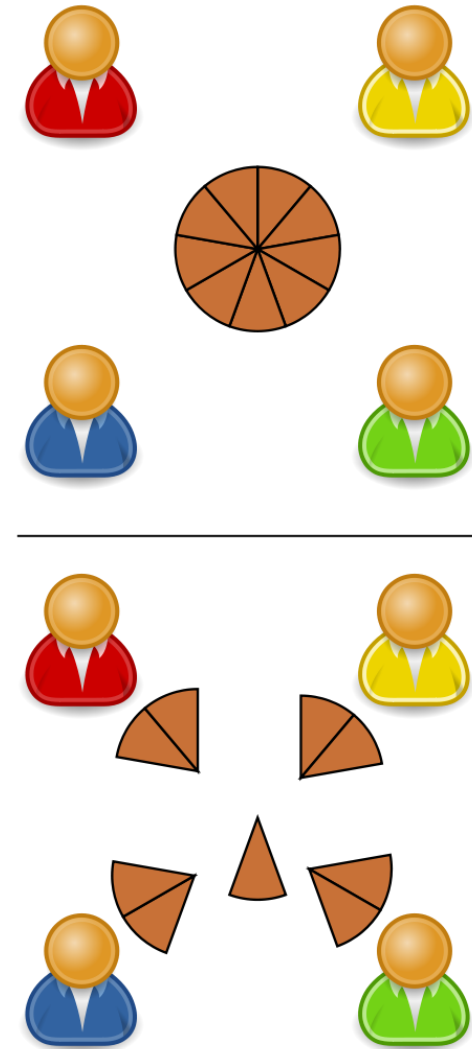
# Henri Fayol

- known as the ‘father of modern management theory’ gave a new perception of the concept of management.
- He introduced a general theory that can be applied to all levels of management and every department.

# Fayol's 14 principles of management

## 1. Division of Work

- When employees are specialized, output can increase because they become increasingly skilled and efficient.
- segregating work in the workforce among the worker will enhance the quality of the product.
- improves the productivity, efficiency, accuracy and speed of the workers.



## 2. Authority & Responsibility

- Managers must have the authority to give orders, but they must also keep in mind that with authority comes responsibility.





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## 3. Discipline

- For an organization to be successful everyone must pull in the same direction. To achieve this discipline must be upheld.
- But discipline is a two-sided coin.
- Employees will obey orders only if good management is in place providing direction and leadership.



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## 4. Unity of Command

Employees should have only one direct supervisor/manager.

There should be no extra lines of command which can confuse employees, and slow down decisions and production.

## 5. Unity of Direction

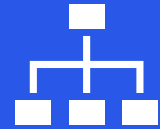


- Teams with the same objective should be working under the direction of one manager, using one plan.
- This will ensure that action is properly coordinated as everyone is pulling in the same direction.

## 6. Subordination of Individual Interests to the General Interest



You should not allow the interests of an individual employee to become greater than the group's interests.



This principle applies to managers as well.



You can also expand this principle to say that the goal of the group should come before an individual's goals.

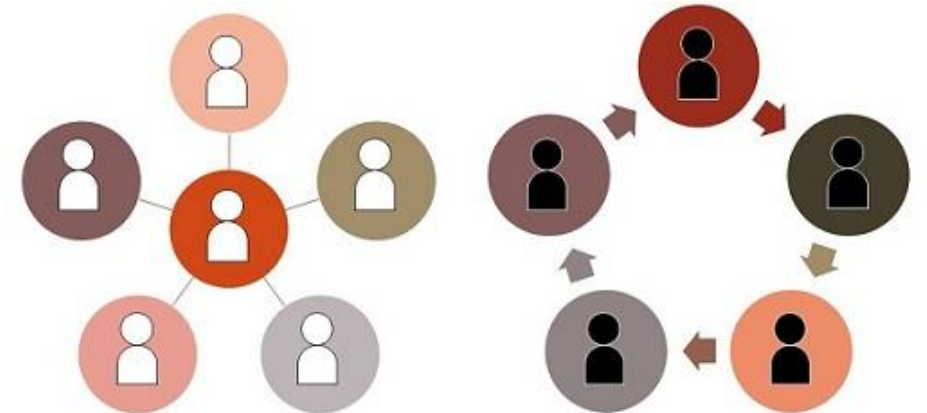




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## 7. Remuneration

- Employee satisfaction depends on fair remuneration for everyone.
- This includes financial and non-financial compensation.
- If an organization wants motivated and productive employees, then they will need to fairly remunerate those employees.



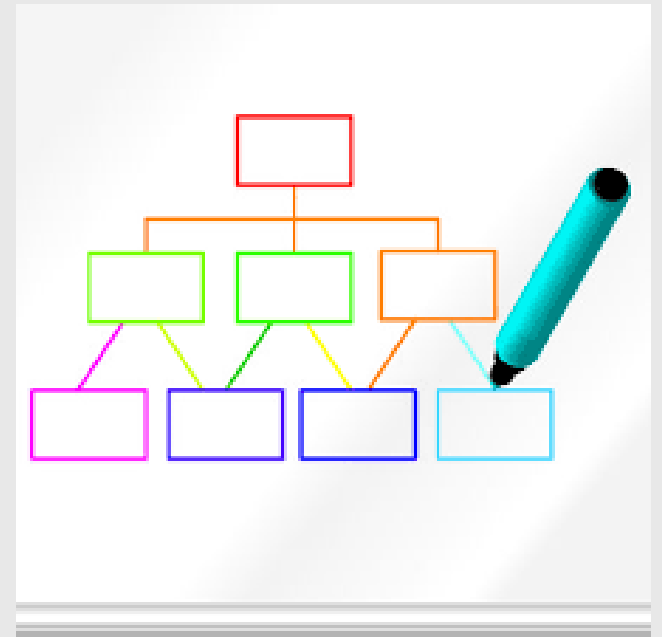
**CENTRALIZATION VS DECENTRALIZATION**

## 8. Centralization

- This principle refers to how close employees are to the decision-making process. It is important to aim for an appropriate balance.
- Decentralization is the opposite. It pushes decision making as far down the organizational chart as possible.
- This principle is also related to the principle of authority.

# 9. Scalar Chain

- A scalar chain is also known as a chain of command. It corresponds to the formal line of authority and communication within an organization.
- Employees should be aware of where they stand in the organization's hierarchy, or chain of command.
- Fayol states that you should structure your organization to meet the needs of the organization.
- For example, if you need fast decision making then a flatter organization is best.
- If you want to offer employees promotion opportunities, then a taller organization is best.





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## 10. Order

- refers to keeping organized and having good plans in place, so you avoid duplication of work and waste.
- encompasses many things, including having a clean and safe environment for employees with everything in its place.
- having resources available for use in the right place at the right time.
- includes employees, capital, and other resources.
- The workplace facilities must be clean, tidy and safe for employees.
- Everything should have its place.

# 11. Equity



Managers should treat employees with equity.



This means managers should treat everyone fairly, at all times.



Being consistent in your praise and consistent in your discipline.



Treating employees fairly increases employee retention.



Employees have a strong sense of equity and tend to do less work if they feel they are not being treated equitably.

## 12. Stability of Tenure of Personnel



- It is important for employees to have job security. The reason for this is that a lack of job security leads to actions that don't align with the goals of the organization.
- You should also understand that it can take time for new employees to settle into their new environment and learn how to do their job well.
- Managers who understand this principle strive for ever-increasing employee retention rates.
- Managers should strive to minimize employee turnover. Personnel planning should be a priority.

# 13. Initiative

Employees should be given the necessary level of freedom to create and carry out plans.

You should encourage proactivity and the showing of initiative at all levels within the organization.

Encouraging employees to use their initiative should be seen as a source of strength for the organization.

It also gives employees an increased sense of job satisfaction.

The push to allow employees to use their initiative needs to be balanced with the employee's authority.

The rules of equity should still apply.

# 14. Esprit de Corps (Team Spirit)

- Management should strive to create a sense of shared goals and team spirit within their teams.
- This includes encouraging employees to work to the best of their abilities, as well as sharing what they have learned with others.
- Organizations should strive to promote team spirit and unity.



# Reference

- **Henri Fayol's Principles of Management**

<https://www.mindtools.com/pages/article/henri-fayol.htm>

# Task on Fayol's 14 principles of Management

A. Reflect on Fayol's 14 principles of Management by answering the following prompts:

- I learned that...
- I realized that...
- I wonder if...

B. Does Silliman University adhere to Fayol's 14 principles of management? Explain your answer by giving concrete examples.